

House Study Bill 89

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
WORKFORCE DEVELOPMENT
BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to an increase in the balance of the unemployment
2 compensation reserve fund and the purposes for which the
3 fund's interest may be used.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1353DP 83
6 ak/rj/5

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1 1 Section 1. Section 96.9, subsection 8, paragraphs b and e,
1 2 Code 2009, are amended to read as follows:
1 3 b. If the balance in the reserve fund on July 1 of the
1 4 preceding calendar year for calendar year ~~2004~~ 2010 and each
1 5 year thereafter is less than ~~one~~ two hundred fifty million
1 6 dollars, a percentage of contributions, as determined by the
1 7 director, shall be deemed to be reserve contributions for the
1 8 following calendar year. If the percentage of contributions,
1 9 termed the reserve contribution tax rate, is not zero percent
1 10 as determined pursuant to this subsection, the combined tax
1 11 rate of contributions to the unemployment compensation fund
1 12 and to the unemployment compensation reserve fund shall be
1 13 divided so that a minimum of fifty percent of the combined tax
1 14 rate equals the unemployment contribution tax rate and a
1 15 maximum of fifty percent of the combined tax rate equals the
1 16 reserve contribution tax rate except for employers who are
1 17 assigned a combined tax rate of five and four-tenths. For
1 18 those employers, the reserve contribution tax rate shall equal
1 19 zero and their combined tax rate shall equal their
1 20 unemployment contribution rate. When the reserve contribution
1 21 tax rate is determined to be zero percent, the unemployment
1 22 contribution rate for all employers shall equal one hundred
1 23 percent of the combined tax rate. The reserve contributions
1 24 collected in any calendar year shall not exceed fifty million
1 25 dollars. The provisions for collection of contributions under
1 26 section 96.14 are applicable to the collection of reserve
1 27 contributions. Reserve contributions shall not be deducted in
1 28 whole or in part by any employer from the wages of individuals
1 29 in its employ. All moneys collected as reserve contributions
1 30 shall not become part of the unemployment compensation fund
1 31 but shall be deposited in the reserve fund created in this
1 32 subsection.
1 33 e. Moneys from interest earned on the unemployment
1 34 compensation reserve fund shall be used by the department for
1 35 workforce offices, reemployment services, and accelerated
2 1 skills training, only upon appropriation by the general
2 2 assembly and for administrative costs to collect the reserve
2 3 contributions.

EXPLANATION

2 5 This bill requires that the unemployment compensation
2 6 reserve fund balance be increased to \$250 million from \$150
2 7 million. The fund will increase pursuant to the formula in
2 8 Code section 96.9(8)(b). The department sets the unemployment
2 9 reserve contribution tax rate on or about July 1 each year.
2 10 Beginning January 1, 2010, the reserve contributions will be
2 11 reinstated at the level set on July 1 of the previous year in
2 12 order to accumulate \$50 million each year for two years,
2 13 bringing the fund to a balance of \$250 million if the maximum
2 14 amount of contributions are received in 2010 and 2011.
2 15 The bill also allows the general assembly to appropriate
2 16 interest from the fund to be used by the department of
2 17 workforce development for offices, reemployment services, and

2 18 accelerated skills training, only upon appropriation by the
2 19 general assembly and for administrative costs to collect the
2 20 reserve contributions.
2 21 LSB 1353DP 83
2 22 ak/rj/5.2